

ORIGINAL

Decision No. 41090

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
SOUTHERN CALIFORNIA EDISON COMPANY,	:	
a corporation, for authority to)	
issue and sell Forty Million Dollars	:	
(\$40,000,000) aggregate principal)	
amount of its First and Refunding	:	
Mortgage Bonds, Series A, Due 1973,)	Application
and to issue and deliver to Harris	:	No. 28978
Trust and Savings Bank and Security-)	
First National Bank of Los Angeles,	:	
as Trustees, an Indenture supple-)	
mental to the existing Trust Inden-	:	
ture dated as of October 1, 1923,)	
as amended and supplemented.	:	
-----)	

O P I N I O N

In this application, Southern California Edison Company, hereinafter sometimes referred to as Applicant, asks permission to issue and sell, for the purposes hereinafter stated, at competitive bidding, \$40,000,000 of its First and Refunding Mortgage Bonds, Series A, Due 1973, and to execute a Seventh Supplemental Indenture.

Southern California Edison Company is a corporation organized and existing under the laws of California. It is engaged in the business of generating, transmitting and distributing electric energy for light, heat and power in the central and southern portions of the State of California as a public utility.

As of November 30, 1947, Applicant reports its assets and liabilities as follows:

Assets

Utility plant		\$423,434,370.06
Cost of electric plant requisitioned by U.S. Government including dis- mantlement expenses (amount of settlement not determined) less partial payments received of \$900,000		1,661,676.21
Investments		2,474,176.85
Current and accrued assets		32,026,085.26
Cash	\$ 8,306,170.88	
Special deposits	39,953.39	
Working funds	386,308.56	
Notes receivable	497.77	
Accounts receivable	4,462,416.14	
Rents receivable	181,129.76	
Accrued utility revenues	2,031,000.00	
Materials and supplies	11,310,085.36	
Prepayments	<u>5,308,523.40</u>	
Unamortized debt discount and expense		8,488,010.44
Other deferred debits		9,533,478.09
Capital stock expense		<u>2,388,769.85</u>
Total Assets		<u>\$480,006,566.76</u>

Liabilities

Capital stock (stated value)		\$157,415,147.02
Premium on original issues of capital stock		1,576,043.73
Bonds		138,000,000.00
Current and accrued liabilities		55,654,548.80
Notes payable	\$30,000,000.00	
Accounts payable	6,164,973.28	
Payables to associated companies	1,515,546.68	
Dividends declared	506,425.83	
Customers' deposits	572,111.98	
Taxes accrued	13,065,386.30	
Tax liability not yet charged to income-contra	2,096,333.84	
Interest accrued	1,067,667.74	
Other current and accrued liabilities	<u>666,103.15</u>	
Deferred credits		3,601,743.83
Reserve for depreciation of electric plant		104,539,326.90
Other reserves		8,361,729.87
Contributions in aid of construction		1,535,457.49
Earned surplus		<u>9,322,569.12</u>
Total Liabilities		<u>\$480,006,566.76</u>

The following statement shows the segregation of
Applicant's stock issued as of November 30, 1947:

	<u>Shares</u>	<u>Par Value</u>	<u>Stated Value</u>
Original Preferred Stock	160,000	\$ 4,000,000.00	\$ 4,000,000.00
Cumulative Preferred Stock, 4.32% Series	1,653,429	41,335,725.00	41,335,725.00
Preference Stock, 4.48% Convertible Series	1,653,071	41,326,775.00	41,326,775.00
Common Stock	<u>3,183,091*</u>	<u>79,577,275.00</u>	<u>70,752,647.02</u>
Total	<u>6,649,591</u>	<u>\$166,239,775.00</u>	<u>\$157,415,147.02</u>

*Plus Scrip for 4/10 share

Since November 30, 1947, Applicant has issued and sold \$20,000,000 par value of its cumulative preferred stock, 4.88% Series.

Applicant's outstanding bonds consist of \$108,000,000 of First and Refunding Mortgage Bonds, Series of 3's, Due 1965, and \$30,000,000 of First and Refunding Mortgage Bonds, Series of 3½'s, Due 1964.

The \$30,000,000 of outstanding notes shown in the preceding balance sheet were issued pursuant to the terms of the credit agreements executed under the authority granted by Decision No. 40580, dated August 5, 1947. The notes bear interest at the rate of 1½% per annum, payable monthly. Since November 30, 1947, Applicant has issued additional notes in the amount of \$2,000,000, and through the use of preferred stock proceeds paid \$16,000,000 face amount of the notes, with the result that on December 17, 1947, Applicant had outstanding under such credit agreements notes in the amount of \$16,000,000. Applicant contemplates that prior to the time that it will receive the proceeds from the issue of the said \$40,000,000 of bonds, it will issue additional notes in the aggregate sum of \$6,000,000.

Applicant reports in Exhibit "E" that as of November 30, 1947, it had uncapitalized construction expenditures of

\$15,639,922.45. Subsequent to that date it used approximately \$4,000,000 of preferred stock proceeds and \$2,000,000 of note proceeds to reimburse its treasury in part because of such expenditures, leaving about \$9,639,922.45 of uncapitalized construction expenditures. Applicant's current uncapitalized construction expenditures are greater in amount because of its December construction.

Applicant in Exhibit "F" estimates its additions to its electric plant for the years 1947 and 1948-49 as follows:

	Total Approvals For Electric Plant Additions <u>1947</u>	Estimated Plant Additions <u>1948-1949</u>
Steam production	\$17,465,990	\$22,700,000
Hydro production	2,322,557	6,555,000
Transmission lines	2,014,775	3,000,000
Transmission substations	7,460,410	3,000,000
Distribution lines	13,182,911	16,000,000
Distribution substations	6,307,927	7,000,000
Intangibles	307	-
Other new construction	7,395,697	3,650,000
Contingencies	125,000	-
Engineering, administration, and interest during construction	<u>1,000,000</u>	<u>2,000,000</u>
Total new construction	\$57,275,574	\$63,905,000
Replacements	<u>17,032,633</u>	<u>21,565,000</u>
	<u>\$74,308,207</u>	<u>\$85,470,000</u>

Applicant reports that principally because of material shortages its construction expenditures for 1947 will amount to about \$54,100,000 instead of \$74,308,207 as shown above. The principal items of expenditure budgeted for 1947 which will be carried over to the 1948-49 construction period consist of the following:

Steam production	\$ 3,300,000
Transmission substations	4,400,000
Distribution substations	2,000,000
Other new construction	1,800,000
Replacements	7,500,000
Other miscellaneous items	<u>1,000,000</u>
Total	<u>\$20,000,000</u>

Applicant estimates its expenses incident to the issue of the \$40,000,000 of bonds at \$220,000.

Applicant asks permission to use the net proceeds which it will realize from the issue and sale of said \$40,000,000 of bonds to retire outstanding notes in the amount of \$22,000,000 and to use the balance of the net proceeds to reimburse itself for moneys heretofore actually expended by it from income or other moneys in its treasury not secured by or obtained from the issue of stocks or stock certificates, or other evidences of interest or ownership, or bonds, notes, or other evidences of indebtedness, and to finance in part the acquisition of property, construction, completion, extension or improvement of its facilities. Applicant intends to use an amount at least equal to the amount of the above reimbursement to finance in part the expenditures proposed to be made by it for the acquisition of property, construction, completion, extension or improvement of its facilities.

The \$40,000,000 of bonds are to be issued in accordance with the provisions of Applicant's Trust Indenture dated October 1, 1923, and indentures supplemental thereto dated as of March 1, 1927, April 25, 1935, June 24, 1935, September 1, 1935, August 15, 1939, September 1, 1940, and a proposed Seventh Supplemental Indenture to be dated January 15, 1948. A copy of

Applicant's Seventh Supplemental Indenture is on file in this proceeding. The Indenture is in satisfactory form. There is also on file a copy of a resolution of the Board of Directors of Applicant creating a new series of bonds to be known as First and Refunding Mortgage Bonds, Series A, Due 1973. The bonds are to be dated January 15, 1948, and mature January 15, 1973. It is Applicant's intention to sell the bonds at competitive bidding, the bids to be opened on January 20, 1948, or at such later date as may be fixed by Applicant, as provided in the Statement of Terms and Conditions Relating to Bids. The terms and conditions relating to bids provide that each bid shall specify the annual interest rate of the bonds, which shall be a multiple of 1/8%, and the price (exclusive of accrued interest) to be paid to Applicant for the bonds, which shall be not less than 100% of the principal amount of the bonds, and that accrued interest on the bonds from January 15, 1948, to the date of payment for the bonds and the delivery thereof will be paid to Applicant by the purchaser, or purchasers, of the bonds. In the case of a bid by a group of bidders, the principal amount of the bonds to be purchased by each member of the group must be shown in the bid. Applicant requests permission to open the bids five days after the first publication of its invitation for bids.

O R D E R

Southern California Edison Company having applied to the Public Utilities Commission for permission to issue and sell \$40,000,000 face amount of its First and Refunding Mortgage Bonds, Series A, Due 1973, and to execute a supplemental

indenture, and the Commission having considered Applicant's requests and it being of the opinion that this is not a matter on which a public hearing is necessary, that the money, property or labor to be procured or paid for through the issue of said bonds is reasonably required by Applicant for the purposes herein stated, which purposes, except for the payment of expenses and accrued interest, are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. Southern California Edison Company, after the effective date hereof and on or before February 15, 1948, may issue and sell not exceeding \$40,000,000 of its First and Refunding Mortgage Bonds, Series A, Due 1973, such sale to be made at a price to be fixed by the Commission in a supplemental order in this proceeding.
2. Southern California Edison Company shall invite the submission of written sealed bids for the purchase of said bonds, such invitation for bids to be published at least five (5) days prior to the date set for the opening of the bids.
3. Southern California Edison Company may execute and deliver a supplemental indenture in, or substantially in, the same form as the supplemental indenture on file in this application and designated as Seventh Supplemental Indenture.
4. Southern California Edison Company shall use the proceeds received through the issue and sale of said bonds to

pay its expenses incident to the issue and sale of said bonds, to pay outstanding notes in the aggregate face amount of \$22,000,000 and to reimburse itself for moneys heretofore expended from income or other moneys in its treasury not secured by or obtained from the issue of stocks or stock certificates, or other evidences of interest or ownership, or bonds, notes, or other evidences of indebtedness, and to finance in part the acquisition of property, construction, completion, extension or improvement of its facilities referred to in the foregoing opinion. The accrued interest may be used for general corporate purposes.

5. Southern California Edison Company shall file with the Commission monthly reports showing the amount of bonds issued and sold under the authority herein granted, the name or names of those to whom the bonds were sold, the price at which the bonds were sold, together with a statement showing the purposes for which it expended the bond proceeds, the first of such reports to be filed on or before March 31, 1948, and to be for the month of January. Subsequent reports shall be filed within sixty (60) days after the close of the month covered by the report.

6. The authority herein granted to issue and sell said bonds will become effective when the Commission by a supplemental order has fixed the price at which said bonds may be sold, and when Applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is seven thousand five hundred (\$7,500.00) dollars. The authority herein granted to invite bids for the purchase of said bonds and to

execute a Seventh Supplemental Indenture is effective upon the date hereof.

7. Within thirty (30) days after the issue and sale of said bonds, Southern California Edison Company shall file with the Public Utilities Commission a complete copy of its Registration Statement including the exhibits referred to therein, except such exhibits which it heretofore filed with the Public Utilities Commission.

8. Within six (6) months after the issue and sale of said \$40,000,000 of bonds, Southern California Edison Company shall file with the Public Utilities Commission a statement showing in some detail its expenses incident to the issue of said bonds.

Dated at San Francisco, California, this 6th day of January, 1948.

Handwritten Signature
Justin J. Casner
Handwritten Signature
R. J. [Handwritten]
Handwritten Signature
Commissioners

